Dated: December 29, 2009
The following is SO ORDERED:

Paulette J. Delk
UNITED STATES BANKRUPTCY JUDGE

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF TENNESSEE
WESTERN DIVISION

In re:	)	
GREYSTONE PHARMACEUTICALS, INC.	)	Case No. 09-32236-PJD
	)	
Debtor.	)	Chapter 11

FINAL ORDER GRANTING DEBTOR'S MOTION FOR AUTHORITY TO INCUR SECURED POST-PETITION FINANCING, GRANTING EMERGENCY HEARING AND SCHEDULING FINAL HEARING

This cause came on to be heard by the Court on December 22, 2009 for a final hearing on Debtor's Motion for Authority to Incur Secured Post-Petition Financing (the "Motion"); with service of the Motion or Interim Order being sent to BLN Capital Funding, LLC ("BLN"), the United States Trustee, and the Debtor's 20 largest unsecured creditors ("Debtor's Consolidated List of 20 Largest Unsecured Creditors") and all creditors pursuant to Bankruptcy Rule 4001(c)(1) and (d) the Court having entered its Interim Order Granting Debtor's Motion for Authority to Incur Secured Post-Petition Financing ("Interim Order") on November 25, 2009 (Court Docket No. 23); the Court having read and considered the Motion and Exhibits attached thereto; the Court having held a final hearing with respect to the Motion pursuant to Bankruptcy Rules 4001(c) and hearing the testimony of Debtor's witness, and (d); the Court having considered the statements of counsel for the Debtor and the U. S. Trustee who appeared at the hearing; the Debtor and BLN stipulate as follows:

A) On November 2, 2009 ("Petition Date"), the Debtor filed its voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. § 101 *et seq*. (the "Code"). The Debtor is currently operating its business and managing its property as debtor-in-possession pursuant to §§ 1107, 1108 of the Code.

B) Greystone is a Tennessee corporation whose principal executive office is located in Memphis, Tennessee. It is in the business of developing, manufacturing and marketing medical products containing the company's intellectual properties and processes.

C) BLN is a limited liability company with its principal executive office located in Chicago, Illinois.

D) Prior to the Petition Date, Debtor's principal lender was BLN. As of the Petition Date, the Debtor were indebted to BLN in the approximate amount of $1.1 million, exclusive of interest, fees, attorneys' fees, costs, expenses and other charges provided for under the loan documents.(All amounts owing to BLN as of the Petition Date are hereinafter referred to as the "BLN Pre-petition Liabilities").

As of the Petition Date, to secure repayment of BLN Pre-petition Liabilities, BLN asserts that it held and continues to hold, and the Debtor and debtor-in-possession hereby acknowledge that BLN held and continues to hold valid and perfected first-priority liens and security interests ("BLN Liens") in and to, among other things, all or substantially all of the personal property of the Debtor, including but not limited to furniture, fixtures, equipment, accounts, inventory and intangibles ("Pre-Petition Collateral").

E) The Debtor, as debtor-in-possession, seeks to obtain additional financing from BLN pursuant to the terms and conditions of this Order. The debtor-in-possession is unable to obtain sufficient unsecured credit, allowable as an administrative expense under § 503(b)(1) of the Code, with which to pay wages and salaries, patent fees, insurance costs, and otherwise operate its business. In addition, the debtor-in-possession believes it cannot obtain credit from any other institution on terms better than those set forth in this Order.

F) BLN is willing to lend money to the debtor-in-possession on the terms and conditions provided in this Order, and has agreed to the entry and implementation of this Order.

G) The entry of this Order will minimize disruption of the Debtor as a going concern, preserve the going concern value of the Debtor's assets, and is in the best interest of the estate. The debtor-in-possession does not believe that it can continue to operate its business, or preserve the value of its assets, without the financing which BLN has agreed to provide on the terms set forth herein. The debtor-in-possession faces immediate and irreparable harm if relief is not granted pending a final hearing in this matter.

H) This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157, 1334. This cause is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). The notice, which the Debtor have submitted for service of the hearing on the Motion, is sufficient and appropriate under the circumstances of this case, and satisfies the requirement of Federal Rules of Bankruptcy Procedure 4001(c)(3).

NOW THEREFORE, THE COURT BEING FULLY ADVISED IN THE PREMISES, IT IS HEREBY ORDERED, ADJUDGED AND DECREED, AS FOLLOWS:

1. Preamble and Defined Terms. The foregoing stipulations are hereby restated (and the Debtor and debtor-in-possession confirm the representations made in said stipulations) at this point and incorporated herein by this reference, and the Debtor, the debtor-in-possession, and BLN hereby consent and stipulate to the entry of this Order. Words used herein, whether capitalized or not, shall be construed in accordance with the definitions provided and set forth in the Loan Documents, as supplemented by the definitions set forth in the Code, including, without limitation, the definitions contained in § 101 of the Code.

2. Authorization to Borrow Monies, and to Pay Fees. The debtor-in-possession is hereby authorized to borrow from BLN, and BLN is authorized to loan the debtor-in-possession, up to $300,000, through a line of credit. The monies loaned pursuant to this Order shall be used only for the purposes and up to the amounts, testified to by the Debtor's witness, including expenses related to payroll, health insurance, products liability insurance and patent annuities and related expenses and the budget provided at the hearing.

3. Order is Security Agreement; No Need for Further Actions to Perfect Security Interests; Documentation. This Order shall be deemed to be and shall constitute a loan agreement and a security agreement under the applicable provisions of the Uniform Commercial Code ("UCC") in effect from time to time in the states in which the Debtor (a) operate its business or has property, and (b) is incorporated. The security interests and liens granted to BLN by this Order shall be deemed perfected upon entry of this Order without the necessity of filing of any documents or other instruments otherwise required to be filed under applicable non-bankruptcy law for the perfection of security interests or liens, with such validity and perfection being binding upon a successor or any subsequently appointed trustee in any proceedings under any Chapter of the Code, and upon any and all entities which have extended, or which may

hereafter extend, credit to the Debtor or debtor-in-possession, or which assert a claim of any nature or in any manner whatsoever in this bankruptcy case or any superseding bankruptcy case of the Debtor, whether or not notice of the filing of this bankruptcy case has been filed in any County, Parish, or any political or administrative subdivision in which the assets of the Debtor or the debtor-in-possession are or may be located. Notwithstanding the foregoing, debtor-in-possession is hereby authorized and directed to execute any other security agreements and supporting documents if reasonably requested to do so by BLN to document the postpetition lending arrangements herein provided and permitted. The Debtor shall cooperate with BLN in executing such other documentation as BLN deems reasonably necessary to effectuate the terms of this Order.

4. Debtor's Liabilities. The Debtor's "Pre-petition Liabilities" means all liabilities, obligations and indebtedness due or payable from the Debtor to BLN, howsoever evidenced, created, incurred, acquired or owing, whether primary, secondary, direct, contingent, fixed or otherwise, which arose before the commencement of the Debtor's case including, without limitation, interest, loan fees and the legal fees and expenses incurred by BLN or BLN's respective counsel. The "Postpetition Liabilities" means all liabilities, obligations and indebtedness due or payable by the debtor-in-possession to BLN.

5. Grant of Security Interest. As security for repayment of the Debtor's Post-petition Liabilities, pursuant to §§ 364(c)(2), 364(c)(3) and 364(d)(1) of the Code, the debtor-in-possession is hereby expressly authorized and directed to grant, and does hereby grant, to BLN liens and security interests (as the case may be) upon all property of the estate (other than property recovered through exercise of the avoiding powers granted under §§ 544, 545, 547, 548, 549, 550, 551, 553, and 724(a) of the Code), including but not limited to, all existing and after-

acquired property of Debtor's estate, whether now existing or hereafter arising, whether real or personal, tangible or intangible, including, but not limited to, the following:

(a) all inventory, goods (including returned or repossessed goods and all goods the sale of which gives rise to accounts receivable, contract rights, chattel paper, general intangibles or instruments), merchandise and other personal property, in each case whether now owned or hereafter produced, manufactured or acquired which are held for sale or lease or are furnished or to be furnished under a contract of service or are raw materials, work in process or materials used or consumed or to be used or consumed in the business of the Debtor or the debtor-in-possession;

(b) All accounts; accounts receivable; contract rights; general intangibles; chattel paper and instruments (including without limitation instruments evidencing any obligation for payment for goods sold or leased or services rendered or otherwise) together with all payments thereon or thereunder; tax refunds; goodwill; licenses, permits and privileges; customer lists; rights of indemnification;

(c) All machinery, equipment, furniture and other tangible personal property and fixtures, together with all accessions, additions, accessories, parts and equipment now or hereafter affixed thereto or used in connection therewith;

(d) All patents, trademarks, copyrights and other intellectual property and proprietary rights;

(e) All investment property;

(f) All the trademarks, patents and copyrights; and

whether any such property is now owned or hereafter acquired or existing, and all records (including computer software) pertaining to the foregoing, and all substitutions for, all proceeds and all products of all of the foregoing, to the fullest extent permitted by law, including, without limitation, all amounts paid or payable to the Debtor or debtor-in-possession in connection with the sale or assignment of leases of non-residential real property, and all insurance policies insuring property of the Debtor or the debtor-in-possession, or any part thereof, and proceeds of said insurance, including unearned premiums (all of the above described property is hereafter referred to collectively as "Postpetition Collateral").

The liens and security interests granted herein shall be (a) senior priming perfected liens pursuant to § 364(d)(1) of the Code on the Postpetition Collateral which, on the Petition Date, was subject to valid and perfected senior liens or security interests of BLN or Steel Warehouse; (b) first and prior perfected liens pursuant to 11 U.S.C. § 364(c)(2) on the Postpetition Collateral, if any, which was not subject to perfected liens or security interests on the Petition Date; and (c) junior perfected liens pursuant to 11 U.S.C. § 364(c)(3) on Postpetition Collateral which, on the Petition Date, was subject to a valid, perfected and unavoidable lien.

6. Section 364(c)(1) Priority Enhancement.

(a) Pursuant to § 364(c)(1) of the Code, the Debtor's Post-petition Liabilities shall have priority over all administrative expenses incurred in this Chapter 11 reorganization case of the kind specified in Sections 503(b) or 507(b) of the Code. No costs or expenses of administration which have been or may be incurred in this case, or in any superseding Chapter 7 case following conversion of this case pursuant to §1112 of the Code, and no priority claims are or will be prior to or on a parity with the claim of BLN against the debtor-in-possession, or with the liens, mortgages and security interests of BLN upon the Postpetition Collateral.

(b) Except as otherwise agreed by BLN in writing, the enhancement of collateral provisions of 11 U.S.C. § 552 shall not be imposed either on BLN, or on any property which is subject to a prepetition or postpetition lien in favor of BLN, for the benefit of any party in interest in the case.

(c) Anything in this Interim Agreed Order to the contrary notwithstanding, the priorities, liens and security interests granted herein to BLN shall be subordinate to the amounts payable to the United States Trustee pursuant to 28 U.S.C. § 1930(a)(6) (the "Carve Out").

7. Grant of Equity Interest. In return for the Line of Credit, BLN will receive an equity interest in the Reorganized Debtor equal to one-half of one percent (.5%) for making the loan available and an additional one-half of one percent (.5%) if the Debtor draws more than $150,000. The equity interest granted shall not be subject to any further dilution so that BLN shall maintain said one (1%) per cent equity interest in the reorganized Debtor.

8. Prepayment of Line of Credit. The Line of Credit shall bear interest at twelve percent (12%) per annum, and will be repayable with interest only charges commencing on April 1, 2010 until the first quarter and on the first day of each quarter thereafter until paid in full. Commencing with the first quarter of 2011, principal will be due in four equal quarterly payments.

9. Committee's and Parties in Interest's Right To Object. All other parties in interest shall have 45 days from the date of the Interim Order, to file a written objection to the validity, priority, extent, perfection or amount of BLN's pre-petition debt and the liens and security interests in the Prepetition Collateral. If there is a dispute regarding any of the foregoing matters, the Court's adjudication of such dispute shall bind the Debtor, debtor-in-possession, and the successors of either of them, including, without limitation, any subsequently appointed trustee. In the absence of such objection, BLN shall be deemed to have a valid and perfected prepetition lien and security interest in the Prepetition Collateral, which determination shall bind the Debtor, the debtor-in-possession, and the successors of either of them, including, without limitation, a subsequently appointed trustee.

10. Survival. The provisions of this Order shall be binding upon and inure to the benefit of the debtor-in-possession and BLN, and their respective successors and assigns retroactively to the Petition Date. The terms of this Order, the Loan Documents, and all documents executed pursuant to Section No. 3 hereof shall be valid and enforceable obligations of the Debtor and the debtor-in-possession against any subsequent trustee for the Debtor in reorganization or otherwise, and shall survive dismissal or conversion of this case.

11. Insurance and Audits. The Debtor-in-possession shall insure the Prepetition Collateral and the Postpetition Collateral for the full insurable replacement value thereof, on

substantially the same terms, provisions and conditions provided for in the Loan Documents, with insurance companies acceptable to BLN and naming BLN as loss payee on all such policies of insurance. The debtor-in-possession shall provide BLN with certificates of insurance evidencing the Debtor's compliance with the insurance requirements herein provided; and BLN may purchase said insurance and charge the expense thereof to the debtor-in-possession if it fails to obtain the insurance as herein provided. BLN shall, upon reasonable notice, have the right to audit and examine the Prepetition Collateral and the Postpetition Collateral and the debtor-in Possession's books and records at any time during normal business hours.

12. Plan of Reorganization or Other Subsequent Orders. The validity, priority and extent of the liens and security interests granted BLN pursuant to this Order shall not be modified, altered, or affected in any manner, including, without limitation, in a plan of reorganization, absent prior written consent of BLN.

13. Additional Duties of Debtor-in-possession. The debtor-in-possession shall not sell any of the assets outside the ordinary course of business without BLN's consent and a bankruptcy court order authorizing such a sale. The Debtor or debtor-in-possession is hereby directed to deliver to BLN such financial and other information concerning the business and affairs of the Debtor or debtor-in-possession and any of the Prepetition Collateral or the Postpetition Collateral, as may be required pursuant to the Loan Documents and/or as BLN shall request from time to time, including daily information as to the Debtor's accrued, unpaid expenses.

14. Events of Default. Each of the following shall be Events of Default under this Interim Agreed Order: (a) spending other than as allowed in any Approved Budget and in this Interim Agreed Order unless agreed to by BLN in writing in its sole discretion; (b) failure to

comply with the Additional Duties of debtor-in-possession, as listed in Paragraph No. 13 above; (c) failure to comply with any of the other obligations imposed by this Interim Agreed Order; (d) failure to repay the Postpetition Liabilities when due; (e) the debtor-in-possession has engaged in fraud; (f) conversion of this case to a case under Chapter 7 of the Code; (g) dismissal of this case; or (h) appointment of a Chapter 11 Trustee. Upon the occurrence of any Event of Default BLN shall provide the Debtor and its counsel, counsel for the Committee (if appointed) and the United States Trustee written notice of such default (which may be accomplished by email, facsimile transmission, or certified mail or hand delivery). If the Debtor failed to fully and completely cure any such Event of Default within fifteen (15) calendar days after notice of the default, then without any further act, notice or action by BLN or any further notice, hearing, act or Order of this Court, the Debtor's authority to use Post-Petition Collateral, including any Cash Collateral, shall terminate and the automatic stay shall terminate granting BLN leave from the automatic stay to pursue its state law remedies against both Pre-Petition Collateral and the Post-Petition Collateral, including repossession and foreclosure.

15. Good Faith. All extensions of credit by BLN and all liens and priorities granted to BLN hereunder shall be valid and enforceable obligations of the debtor-in-possession against any subsequent Chapter 11 or Chapter 7 trustee, and all such extensions of credit shall be deemed to be made in good faith and entitled to the protections of § 364(e) of the Code. The obligations and rights of the Debtor, the debtor-in-possession and BLN, respectively, under this Order, the Loan Documents, and all documents executed pursuant to Section No. 3 hereof, and the priorities, liens and security interests granted herein, shall remain unimpaired and unaffected by any modification, reversal or vacation of this Order on appeal, or by any termination or any curtailment of lending hereunder.

16. Independent Actions of Debtor. The Debtor and debtor-in-possession acknowledge that its promises and actions contained herein are made and taken of its own free will and volition. The debtor-in-possession acknowledges that it has chosen, of its own free and voluntary acts, its legal counsel and financial advisors and accountants.

17. Amendments. Nothing herein shall prohibit the debtor-in-possession and BLN from amending the terms of the financing authorized hereby by mutual agreement without the necessity of obtaining Court approval thereof, so long as such amendment does not alter the amount of loan proceeds advanced beyond $300,000, security interests granted or payments or deposits to be made hereunder. The debtor-in-possession shall provide timely notice of all such amendments to parties on the service list, including the United States Trustee.

18. The Debtor's request for an emergency hearing on the Interim Motion was granted based on the testimony of Debtor's representative(s), and in particular, the need of the post-petition financing to keep the Debtor operating. The U. S. Trustee's objection, reset to December 22, 2009, is withdrawn without prejudice to object to the use of funds but not the need for or the authority to obtain the financing. Debtor shall be authorized to use the borrowed funds to pay U.S. Trustee quarterly fees.

19. Final Order. This is the final order.

APPROVED:

/s/ John L. Ryder
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Service to be made upon the United States Trustee; the Debtors' largest twenty unsecured creditors as identified in their filings with the Court; and counsel to the Debtors' pre-petition and proposed post-petition lender.